

CALAMOS STRATEGIC TOTAL RETURN FUND

Form N-CSR

December 30, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

INVESTMENT COMPANY ACT FILE NUMBER: 811-21484

EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER: Calamos Strategic Total Return Fund

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES: 2020 Calamos Court, Naperville,
Illinois 60563-2787

NAME AND ADDRESS OF AGENT FOR SERVICE: John P. Calamos, Sr., President
Calamos Advisors LLC
2020 Calamos Court
Naperville, Illinois
60563-2787

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (630) 245-7200

DATE OF FISCAL YEAR END: October 31, 2009

DATE OF REPORTING PERIOD: November 1, 2008 through October 31, 2009

ITEM 1. REPORTS TO SHAREHOLDERS

Include a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Act (17 CFR 270. 30e-1).

Calamos Investments: Expertise and Foresight

Since our founding in 1977, Calamos Investments has been committed to addressing the investment needs of individual and institutional investors. For over 30 years, clients have admired our adherence to a single investment approach: to seek a proper balance between risks and opportunities. We owe our success to the consistent application of this mantra: one team, one process. A single team of investment professionals analyzes the entire capital structure of a company prior to selecting individual securities for the portfolios. The versatility of our approach, our disciplined focus on risk management, and our goal of consistently achieving superior returns for our clients are three pillars that support our ongoing prosperity. Leveraging founder John P. Calamos, Sr.'s expertise in the complex convertible market, the company has evolved from a small boutique manager into a global, growth-focused investment firm that offers multiple investment vehicles across equity, fixed-income and alternative strategies.

We invite you to review our annual report.

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Letter to Shareholders

About the Fund

The Fund is managed to according to a level distribution policy, with distributions composed of dividend income, interest income, and realized short-term and long-term gains.

As part of its total return approach, CSQ provides a competitive stream of income paid out on a monthly basis.

The Fund's dynamic asset allocation approach and broad investment universe including equities, higher-yielding convertible and corporate bonds provides enhanced opportunities for income and total returns.

Invests primarily in U.S. markets.

Dear Shareholder:

Enclosed is your annual report for the fiscal year ended October 31, 2009. We appreciate the opportunity to correspond with you. I encourage you to carefully review this report, which includes an assessment of market conditions and Fund commentary from our investment team. The report also includes a listing of portfolio holdings, financial data and highlights, as well as detailed information about the performance and allocations of the Calamos Strategic Total Return Fund (CSQ).

The year in review was divided into two distinct phases. In the first one, fallout from the global financial crisis kept the markets mired in pessimism. Anxiety ran high due to limited access to credit, the failing financial and auto industries, the grim housing market, and uncertainty about government stimulus plans and dire economic data. A depression scenario, rather than a severe recession was a widespread concern and panic led to the markets' lows in March. In the second phase, these issues did not go away, but the perception that the world was not falling off a cliff combined with the fact that valuations had reached very attractive levels underpinned the strong market rebound in the remainder of the year. As markets roared back, the Fund participated with holdings (such as those in quality growth stocks, convertibles, and high-yield bonds) generating solid gains.

Certainly, the problems of 2008 are not completely resolved. Future government involvement in the financial sector and health care system, the pace of economic recovery, and the long-term implications of government stimulus programs cast a shadow. However, the depression scenario has waned and the bad news has become less bad.

Although global governments have flooded the world's financial system with cash, inflation has been kept at bay (so far). Positive third-quarter gross domestic product growth in the U.S. provided a counterbalance to continued weakness in employment data. Consumer activity remains muted, but has been rekindled. Government intervention has played a role, with programs like cash for clunkers helping to loosen purse strings. Low interest rates and government incentives for first-time homebuyers have also boosted the challenged mortgage and housing markets.

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Letter to Shareholders **ANNUAL REPORT** 1

Letter to Shareholders

Throughout the period we remained confident about our investment process, and the Fund proved to be well positioned to participate in general market trends. Convertibles performed in line with our expectations participating in equity upswings while offering a degree of downside protection. Valuations improved steadily throughout the year. The corporate debt we owned benefited from a strong rebound sparked by renewed interest in the asset class, narrowing credit spreads and the realization that credit markets were once again opened for business. The Fund stock portfolio also benefited as equities recovered amid an improved economic outlook.

We have also identified many attractive investments that take advantage of global opportunities, with some non-U.S. markets offering some of the most compelling opportunities that we have encountered over the past 40 years. In addition to U.S. and European businesses that may participate, the opportunities we are seeing extend beyond the developed markets to select companies in emerging markets such as China, India and Brazil.

If you have any questions about your portfolio, please contact us at 800.582.6959, Monday through Friday from 8:00 a.m. to 6:00 p.m., Central Time or speak to your financial advisor. I also encourage you to visit our website at calamos.com on a regular basis, for updated commentary and more information about your Fund. We thank you for your continued confidence and are honored by the opportunity to help you achieve your long-term investment goals.

Sincerely,

John P. Calamos, Sr.
Chairman, CEO and Co-CIO
Calamos Advisors LLC

This report is for informational purposes only and should not be considered investment advice.

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Investment Team Discussion

The Calamos Investment Management Team, led by Co-Chief Investment Officers John P. Calamos, Sr. and Nick P. Calamos, CFA, discusses the Fund's performance, strategy and positioning during the one-year period ended October 31, 2009.

TOTAL RETURN*

Common Shares Inception 03/26/04

	1 Year	Since Inception**
On Market Price	32.85%	-2.11%
On NAV	34.79%	1.32%

*Total return measures net investment income and net realized gain or loss from portfolio investments, and change in net unrealized appreciation or depreciation, assuming reinvestment of income and net realized gains distributions.

**Annualized since inception.

SECTOR ALLOCATION

Energy	15.9%
Information Technology	14.0
Health Care	13.5
Consumer Discretionary	11.1
Industrials	11.1
Financials	11.0
Consumer Staples	9.2
Materials	6.0
Telecommunication Services	5.9
Utilities	0.5

Sector Allocations are based on managed assets and may vary over time. Sector Allocations exclude Sovereign Bonds, U.S. Treasuries and certain index options that have representation across all sectors.

Performance Overview

The Calamos Strategic Total Return Fund (CSQ) seeks total return through a combination of capital appreciation and current income by investing in a globally diversified portfolio of equities, convertible securities and below-investment-grade (high-yield) fixed-income securities. Our goal with CSQ has been to prudently maximize the

distribution rate throughout the market cycle, while managing risk.

The Fund's fiscal year end results were very positive with the net asset value up 34.79%. While results were positive, the year was marked by much volatility. The period began with a market in the midst of one of the most challenging credit environments in history and fueled a broad decline across all asset classes save for U.S. Treasuries. In March, a strong rebound began as government intervention started to have an impact globally and it appeared that a Depression-like environment was going to be avoided this opened an opportunity for investors to purchase securities at extremely discounted prices. From March 9, 2009 to October 31, 2009, the markets climbed off their lows with the MSCI World Index climbing 61% while the BofA Merrill Lynch High Yield Index was up 53% and the BofA Merrill Lynch All Convertible Index was up 46%.

SINCE INCEPTION MARKET PRICE AND NAV HISTORY

As noted above, the Fund performed extremely well over the 12-month period. CSQ's NAV return of 34.79% strongly outpaced that of the S&P 500 index which was up 9.8% over the same time period. The portfolio benefited greatly as the securities rebounded from the extremely low price levels observed at the end of 2009. From a sector positioning perspective, the portfolio added value versus every economic sector compared to the S&P 500 with the exception of Technology.

Investment Team Discussion

Use of Leverage

In early 2008, the auction rate securities market became frozen as the auctions that set the rates lacked buyers – this meant that the Fund’s preferred shareholders were unable to sell their holdings. Calamos worked very hard to find solutions that were in the best interest of both preferred and common shareholders and was one of the first closed-end fund complexes to begin redeeming the auction rate securities with variable rate debt financing in May, 2008. In June, 2009, Calamos completed its refinancing and redeemed the remaining auction rate shares of CSQ.

During the reporting period, the Fund reduced leverage for two reasons. First, the decline in all asset classes outside of U.S. Treasuries hampered the Fund’s ability to utilize leverage. As the Fund’s net assets declined, the Fund reduced leverage to remain in compliance with both the prospectus and legal requirements. Second, given the high volatility in the marketplace, portfolio management also felt that a reduction in leverage was appropriate. We believe that some use of leverage is still favorable, as such, the amount of leverage at the end of the fiscal year was 27.08% for CSQ. The reduction of leverage during the reported period along, with a decline in dividend yield of the equities in the portfolio, were significant factors in the Fund reducing its level rate distribution during the period to \$0.0525.

Outlook

Looking forward, we will continue to seek firms with strong balance sheets, business models that may create sustainable growth in an overall slow-growth global economy, and attractive valuations. We believe that CSQ is well positioned to participate in what we expect to be a volatile market. We also view the Fund’s current distribution rate of 6.71% on NAV as attractive in this low interest rate environment.

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Schedule of Investments

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PRINCIPAL AMOUNT		VALUE
CORPORATE BONDS (34.3%)		
	<i>Consumer Discretionary (5.6%)</i>	
4,863,000	Asbury Automotive Group, Inc. 8.000%, 03/15/14	\$ 4,668,480
15,077,000	DISH Network Corp. 7.125%, 02/01/16	15,152,385
14,590,000	General Motors Corp. 7.200%, 01/15/11	2,188,500
16,536,000	Hanesbrands, Inc. 4.593%, 12/15/14	14,965,080
4,085,000	Jarden Corp. 7.500%, 05/01/17	4,044,150
3,154,000	Kellwood Company 7.625%, 10/15/17	1,107,843
4,863,000	Liberty Media Corp. 8.250%, 02/01/30	4,401,015
6,322,000	Mandalay Resort Group 7.625%, 07/15/13	5,018,087
4,752,000	MGM Mirage 7.500%, 06/01/16	3,659,040
12,645,000	Royal Caribbean Cruises, Ltd. 7.500%, 10/15/27	10,242,450
3,891,000	7.250%, 06/15/16~	3,638,085
8,754,000	Service Corp. International~ 6.750%, 04/01/16	8,600,805
2,432,000 GBP	Warner Music Group Corp. 8.125%, 04/15/14	3,702,133
		81,388,053
	<i>Consumer Staples (3.8%)</i>	
11,429,000	Chiquita Brands International, Inc. 7.500%, 11/01/14	11,486,145
1,328,000	Del Monte Foods Company* 7.500%, 10/15/19	1,354,560

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10,699,000	NBTY, Inc. 7.125%, 10/01/15	10,511,768
	Pilgrim s Pride Corp.**	
11,672,000	8.375%, 05/01/17	13,043,460
5,836,000	7.625%, 05/01/15	6,536,320
14,590,000	Smithfield Foods, Inc. 7.750%, 07/01/17	11,963,800
		54,896,053
	Energy (5.1%)	
	Chesapeake Energy Corp.	
6,809,000	6.875%, 01/15/16	6,604,730
3,891,000	7.500%, 06/15/14	3,949,365
7,781,000	Comstock Resources, Inc. 8.375%, 10/15/17	7,742,095
1,945,000	Dresser-Rand Group, Inc. 7.375%, 11/01/14	1,930,412
2,918,000	GulfMark Offshore, Inc. 7.750%, 07/15/14	2,859,640
	Mariner Energy, Inc.	
6,809,000	8.000%, 05/15/17	6,434,505
2,918,000	11.750%, 06/30/16	3,224,390
4,863,000	Petrohawk Energy Corp. 7.125%, 04/01/12	4,863,000
2,918,000	Pride International, Inc. 8.500%, 06/15/19	3,275,455
4,863,000	Superior Energy Services, Inc. 6.875%, 06/01/14	4,765,740
1,945,000	Valero Energy Corp.~ 7.500%, 06/15/15	1,992,401
6,303,000	Whiting Petroleum Corp. 7.250%, 05/01/12	6,342,394
19,454,000	Williams Companies, Inc.~ 7.750%, 06/15/31μ	20,372,307
		74,356,434
	Financials (6.2%)	
41,825,000	Ford Motor Credit Company, LLC 9.875%, 08/10/11	42,798,895
	Leucadia National Corp.	
16,185,000	8.125%, 09/15/15~	16,468,238
4,863,000	7.000%, 08/15/13	4,935,945
17,508,000	Nuveen Investments, Inc.~* 10.500%, 11/15/15	15,582,120
10,213,000	Senior Housing Properties Trust~ 8.625%, 01/15/12	10,468,325
		90,253,523

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	<i>Health Care (0.9%)</i>	
2,189,000	Bio-Rad Laboratories, Inc.~ 7.500%, 08/15/13	2,232,780
10,699,000	Psychiatric Solutions, Inc. 7.750%, 07/15/15	10,592,010
		12,824,790
	<i>Industrials (2.2%)</i>	
2,918,000	BE Aerospace, Inc.~ 8.500%, 07/01/18	3,042,015
2,189,000	Belden, Inc. 7.000%, 03/15/17	2,123,330
4,863,000	Gardner Denver, Inc. 8.000%, 05/01/13	4,692,795
4,406,000	H&E Equipment Service, Inc. 8.375%, 07/15/16	4,262,805
2,918,000	Spirit AeroSystems Holdings, Inc.* 7.500%, 10/01/17	2,910,705
3,365,000	SPX Corp. 7.625%, 12/15/14	3,482,775
1,945,000	Terex Corp. 8.000%, 11/15/17	1,803,988

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Schedule of Investments **ANNUAL REPORT** 5

See accompanying Notes to Schedule of Investments

Schedule of Investments

OCTOBER 31, 2009

PRINCIPAL AMOUNT		VALUE
5,593,000	Trinity Industries, Inc. 6.500%, 03/15/14	\$ 5,544,061
4,863,000	Wesco Distribution, Inc. 7.500%, 10/15/17	4,808,291
		32,670,765
	<i>Information Technology (3.3%)</i>	
11,938,000	Advanced Micro Devices, Inc.~ 7.750%, 11/01/12	10,654,665
15,563,000	Amkor Technology, Inc. 9.250%, 06/01/16	16,341,150
1,109,000	7.750%, 05/15/13	1,110,386
6,322,000	Freescale Semiconductor, Inc. 8.875%, 12/15/14	5,168,235
4,863,000	Jabil Circuit, Inc. 8.250%, 03/15/18	5,191,253
7,081,000	Lender Processing Services, Inc. 8.125%, 07/01/16	7,488,157
1,945,000	Lexmark International, Inc. 6.650%, 06/01/18~	1,961,912
		47,915,758
	<i>Materials (2.8%)</i>	
1,945,000	Allegheny Ludlum Corp. 6.950%, 12/15/25	1,727,102
2,918,000	Century Aluminum Company 7.500%, 08/15/14	2,655,380
2,629,000	Nalco Holding Company* 8.250%, 05/15/17	2,773,595
2,918,000	P.H. Glatfelter Company 7.125%, 05/01/16	2,907,057
2,957,000	Silgan Holdings, Inc.* 7.250%, 08/15/16	3,016,140
3,891,000		3,929,910

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	Steel Dynamics, Inc.*	
	8.250%, 04/15/16	
	Union Carbide Corp.~	
10,651,000	7.875%, 04/01/23μ	9,269,235
8,414,000	7.500%, 06/01/25	7,207,660
7,149,000	Westlake Chemical Corp.	
	6.625%, 01/15/16	6,773,677
		40,259,756
	Telecommunication Services (3.7%)	
17,216,000	Frontier Communications Corp.	
	9.000%, 08/15/31	17,086,880
17,508,000	Leap Wireless International, Inc.	
	9.375%, 11/01/14	17,070,300
14,133,000	Qwest Communications	
	International, Inc.	
	7.750%, 02/15/31	11,659,725
4,863,000	Syniverse Technologies, Inc.	
	7.750%, 08/15/13	4,668,480
2,918,000	Windstream Corp.	
	8.625%, 08/01/16	3,012,835
		53,498,220
	Utilities (0.7%)	
13,618,000	Energy Future Holdings Corp.~	
	10.250%, 11/01/15	9,736,870
	TOTAL CORPORATE BONDS	
	(Cost \$535,552,182)	497,800,222
	CONVERTIBLE BONDS (13.7%)	
	Consumer Discretionary (4.0%)	
40,000,000	Ford Motor Companyμ	
	4.250%, 12/15/36	39,450,000
280,000	General Motors Corp. - Series C	
	6.250%, 07/15/33	969,500
15,000,000	Liberty Media Corp. (Time Warner, Inc.)§	
	3.125%, 03/30/23	14,850,000
5,680,000	Liberty Media Corp. (Viacom, CBS	
	Corp. - Class B)§	
	3.250%, 03/15/31	3,258,900
		58,528,400
	Energy (0.6%)	
8,290,000	St. Mary Land & Exploration Company	
	3.500%, 04/01/27	8,144,925
	Financials (0.9%)	

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14,000,000	Affiliated Managers Group, Inc. 3.950%, 08/15/38	13,300,000
	Industrials (2.7%)	
25,597,000	L-3 Communications Holdings, Inc. 3.000%, 08/01/35	26,012,951
18,000,000	Trinity Industries, Inc. 3.875%, 06/01/36	13,297,500
		39,310,451
	Information Technology (5.3%)	
16,000,000	Euronet Worldwide, Inc. 3.500%, 10/15/25	15,120,000
31,500,000	Intel Corp.~ 2.950%, 12/15/35	28,980,000
33,900,000	Linear Technology Corp. 3.000%, 05/01/27	32,628,750
		76,728,750
	Materials (0.2%)	
2,000,000	Newmont Mining Corp. 3.000%, 02/15/12	2,417,500
	TOTAL CONVERTIBLE BONDS (Cost \$230,870,085)	198,430,026

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See accompanying Notes to Schedule of Investments

Schedule of Investments

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